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STATISTICAL BULLETIN

Highlights

- LABOR MARKET SLOWLY COOLING
- CONSUMER SPENDING AND SPENDING POWER ARE MODERATING
- NEW ORDERS LEVEL OFF
- EXPORTS NOW FALLING
- INDUSTRIAL OUTPUT GROWTH IS WEAK AND CAPACITY UTILIZATION RATES ARE DECLINING.
- THE INFLATION WATCH: CONCERNS OVER HOURLY PAY-RATE HIKES
- OUTLOOK • U.S. ECONOMIC GROWTH HAS SLOWED TO ONLY ABOUT A 1.5% RATE IN THE FOURTH QUARTER OF 1989, AND IS LIKELY TO STAY THERE IN THE FIRST HALF OF NEXT YEAR.

Volume 22, No. 11, November, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The U.S. economy is now firmly on a noninflationary path. The 2.5% economic growth in the second and third quarters of 1989 has just about reached the limit, given population and productivity growth, at which the U.S. economy can operate without running into the inflation pressures that result when capacity utilization is strained. And, the consensus of the **Economic Forecasts** is that growth will average about 1/2% over the succeeding three quarters (or from now through mid-1990). So, the inflation worries will probably drop down another decibel or two.

Growth is slowing for four reasons: First, public demand is constrained by budget problems; second, and more worrisome, the decline in U.S. exports; third, new hiring is slowing, limiting the rise in consumer incomes—affecting the rise in consumer spending. Finally, after three years of increases, business profits are no longer rising sharply. Consequently, there is less internal funds growth available to pay for new plant and equipment. So, the surge in business investment is slowing. In all, these changes spell slower growth—but not recession—according to most of the **Economic Forecasts.**

DOMESTIC MARKET MONITOR

Labor market signals reflect the cooling that began this summer. This cooling is most pronounced in the industrial sector: Slight declines in employment were widely diffused in manufacturing industries in October—and not just limited to cuts related to scaled back auto production schedules. But, growth in the service sector is also cooling, especially in wholesale and retail trade and in financial services.

Yet the average hourly pay rates in private industry continued to rise in October — 1.2% over the latest two months. That suggests labor market conditions remain tight enough to drive up wages. Labor-force participation edged higher in October, perhaps in response to rising pay rates.

The outlook is for some gradual softening in the labor market over the next twelve months. The Conference Board's **Help-wanted Index,** a measure of labor demand, began edging lower in June as the strong uptrend in the labor market began to ease. More recently, want-ad volume has stabilized—early returns to the October survey suggest that job advertising volume remained steady. The consensus of the **Economic Forecasts** is that the unemployment rate may climb to about 5.6% in the first half of 1990. Thereafter, economic growth is expected to be strong enough to lower the unemployment rate, gradually returning the labor market to the tight conditions of the past two and a half years.

INCOME: Despite the rise in hourly pay rates, moderating employment growth is slowing the rise in income. Wages in the commodity-producing industry were 1% higher in September than three months earlier; wages in the "other industry" category were 1.9% higher. Moreover, slower employment growth in October probably narrowed the rise in wage income. But wage income growth is still relatively strong.

Consumer credit demand, which seemed to be strengthening in August, slowed in September, and probably remained sluggish in October. Nonauto borrowing shot up in August but fell in September—to below July's level. Auto loans slowed in September as sales tailed off when promotions ended. Car sales were no higher in October than in September.

Buoyant consumer attitudes has been a consistent factor in the long running expansion of consumer demand. The Conference Board's **Consumer Confidence Index** stood at 116.4 (1985 = 100) in October, no change from one month or one year earlier. The **Expectations Component,** which measures the appraisal of job and pay prospects for the next six months, was at 105.3 in October, marginally lower than one month or one year earlier. Consumer willingness to spend, and appraisal of near-term prospects, remain unshaken by earthquakes in California—or the stock market.

SPENDING: As evidenced by the attitude survey, consumers believe expansion will continue. But their actual spending growth, and borrowing pattern, suggest they are not embarking on open-ended shopping sprees. Retail sales of durable goods, except cars, were 1.6% higher in September than three months earlier. Total retail sales, except cars, were 0.9% higher.

Car buying trends reflect a degree of caution. Domestic **Automobile Sales** averaged 7.1 million units, seasonally adjusted annual rate, in October, compared with 6.6 million in September. Higher sticker prices for the new models and promotion-induced sales at the end of the old model year help explain the relatively modest level of sales. Add to that the sense of caution on overall spending and the near-term outlook is for continued modest car sales, a factor in the cutback in car production.

CONSTRUCTION: The rebound in the housing market took a breather in September. Single-family home sales dropped by 14% that month. Despite that, cutbacks in production helped reduce the inventory of unsold homes. Moreover, the rise in the median price of a new home has slowed—it was only 1.2% higher in September than it was last December. And mortgage rates are edging lower. Homebuilders are counting on that improved affordabili-

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board, Inc., 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y. POSTMASTER: Send address changes to The Conference Board, 845 Third Avenue, New York, N.Y. 10022

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New York, N.Y. 10022

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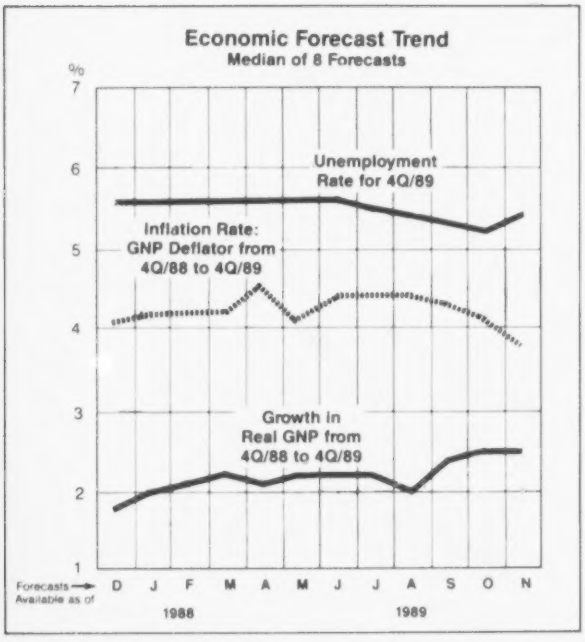


ty to keep the housing market from slumping again. As a result, construction employment and hours worked rose in October.

PRODUCTION: With growth in consumer demand, business investment, and export demand all cooling, production schedules are being kept lean. Output of consumer durable goods was 2% lower in September than three months earlier. Output of business equipment was flat, and defense- and space-related materiel declined by 0.3 percent. Overall, industrial production was only 0.2% higher. Given the modest declines in hours worked in manufacturing in October, industrial production probably declined slightly.

The good news is that lean production schedules are helping to ease the strain on capacity. The overall capacity utilization rate dipped to 83.6% in September, from 83.8% in each of the prior two months. In fact, the capacity utilization rate was lower in September than in January. This dip indicates an easing of inflationary pressure—a factor that may be convincing the financial markets to look for lower interest rates, especially if industrial production weakens further.

The lower numbers for new orders for durable goods suggest continued weakness in industrial production. Orders for durable goods, except transportation equipment, were 1.6% lower in September than three months earlier. And, the ratio of unfilled orders to shipments was 1.2% lower.

INVENTORY: By quickly adjusting production schedules to cooling demand, inventory accumulation has been limited. Total inventory, except cars at the retail level, was 1.5% higher in August than three months earlier. Still, the Inventory-to-Sales ratio was 2.2% higher than three months earlier.

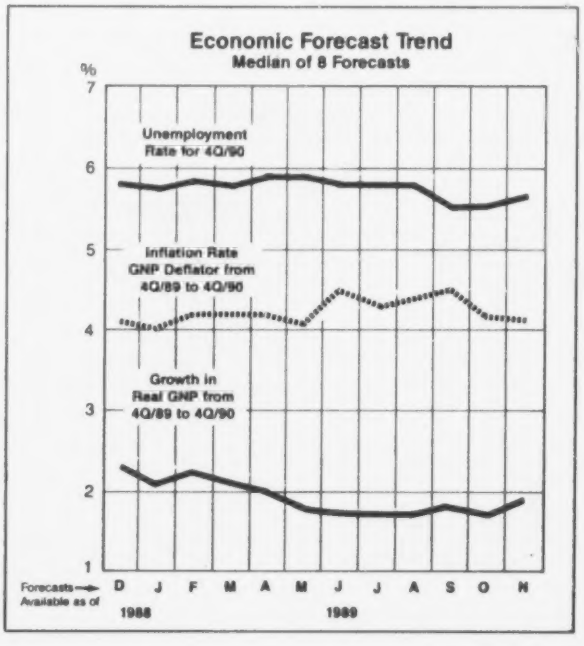
INFLATION: The consensus of the **Economic Forecasts** is that inflation as measured by the rise in the CPI will remain stable, at a 4 1/2% annual rate from the fourth quarter of 1989 through the forecast horizon. This is predicated on slowing economic growth. So far, the major concern is the rise in labor cost. Prices for raw industrial materials remained unchanged in October; but wholesale prices for crude materials, except food and energy, rose by 0.3 percent.

INTERNATIONAL MONITOR

The slowing pace of domestic demand is dampening demand for Imports. Total imports of manufactured goods were 1.2% higher in August than three months earlier. Imports of consumer goods, except cars, were 3.4% higher. Imports of industrial material fell 1.8%—reflecting the sluggish trend in industrial production. With slim prospect for faster production gains and cooling consumer demand, imports are likely to remain soft.

The U.S. economy is not alone in its cooling off. **Leading Business Cycle Indexes** for some of our major trading partners are declining (see the **Selected International Comparison** chart). U.S. exports to these countries have fallen. Exports of manufactured goods were 5.6% lower in August than three months earlier—limiting domestic output gains. With little change in the dollar and good prospects for lower interest rates, the **Domestic-International Discomfort Index (DIDI)** is on a slight uptrend. That could prove temporary since falling interest rates would exert downward pressure on the dollar.

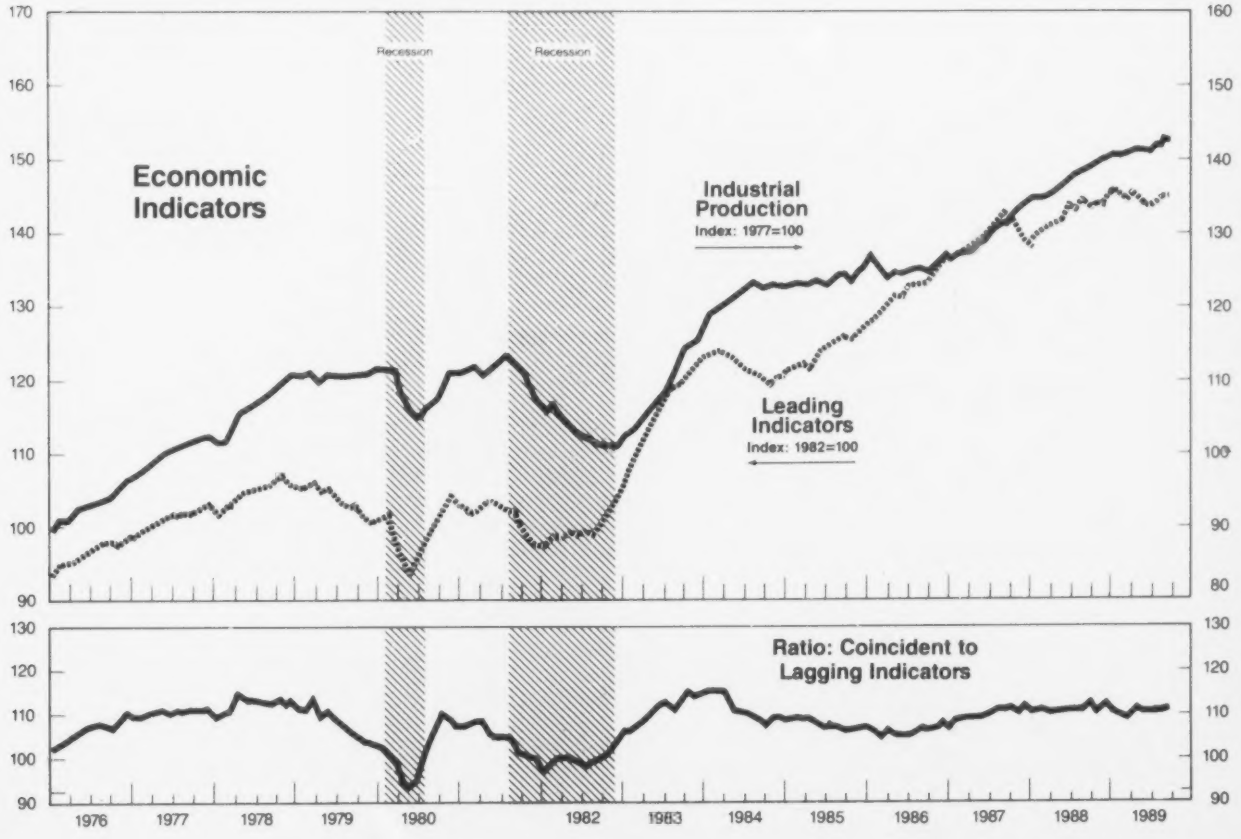
Ken Goldstein
October 13, 1989



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Sep.	X			0.7%	0.9%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Sep.			X	- 4.6%	5.2%
New orders, nondefense capital goods (deflated)	Aug.		X		1.1%	- 4.9%
New business formation	Aug.			X	- 0.5%	1.2%
*Housing permits	Sep.		X		- 1.0%	- 9.5%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Sep.		X		0.3%	- 0.9%
*Change in unfilled orders, mfg.	Sep.			X	-40.0%	-37.4%
Purchasing manager's buying policy	Sep.			X	- 4.2%	- 8.0%
*Vendor performance, reported slower deliveries	Sep.			X	- 7.8%	-20.5%
Industrial raw materials prices	Sep.		X		- 0.6%	6.7%
*Change in sensitive material prices	Sep.			X	- 0.6%	- 0.9%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Sep.	X			1.8%	- 0.4%
Change in business loans	Aug.			X	- 33.1%	470.9%
*Consumer expectations	Oct.	X			2.0%	0.2%
Change in consumer installment debt	Aug.		X		-17.7%	-36.3%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q			X	- 9.7%	- 9.6%
*Common stock prices	Oct.	X			5.3%	26.0%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct.			X	- 0.2hr	- 0.3hr
*Initial unemployment claims (inverted)	Sep.	X			2.4%	-10.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.
*These twelve series make up the Composite Leading Index charted below.



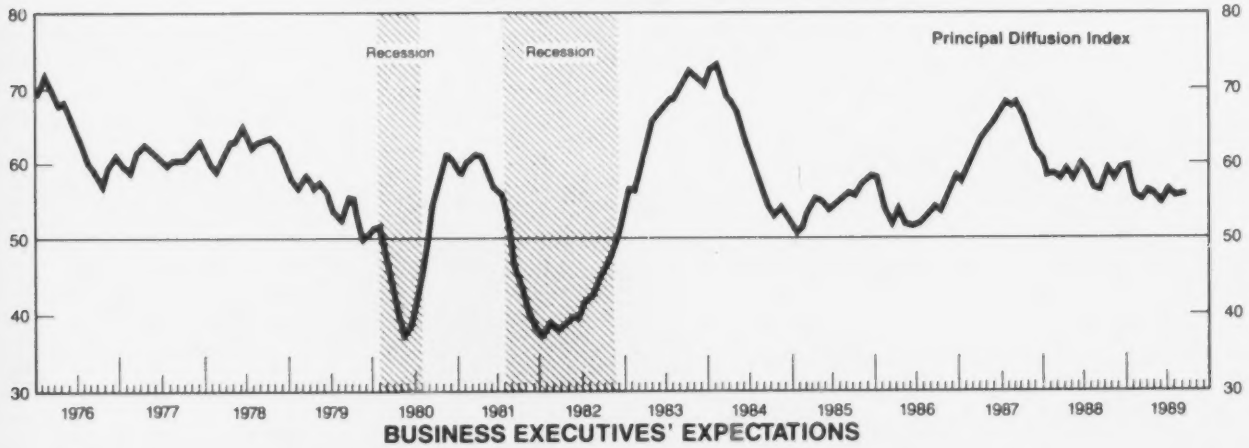
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1988 Sep.	1989 June	Jul.	Aug.	Sep.(e)
Principal Diffusion Index	57.0	54.5	55.7r	52.2r	55.8
Auxillary Diffusion Index	48.9	45.0	53.8r	48.4r	51.9
Industrial Group	56.3	51.1	51.3r	51.7r	51.2
Nonindustrial Group	57.7	57.9	60.0	58.7	60.4
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	59.4	64.5	59.4r	60.3r	65.8
Labor	55.3	41.2	45.0	42.3r	38.2
Miscellaneous	54.5	55.8	55.1	62.2	61.5
Nonindustrial Subgroups					
Prices	43.6	58.3	58.3	57.7	56.4
Consumer	62.4	59.4	60.3	66.2	66.7
Building	56.4	53.8	53.2	45.5	45.5
Miscellaneous	63.2	59.0	65.4	60.7	66.7

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1986	*1987*				*1988*				*1989*		
	Nov.	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*
	Score (scale 0-100)											
Measure of Business Confidence	51	55	55	59	47	51	58	56	51	48	48	49
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	50	56	55	62	50	49	64	65	54	52	48	47
2. Expectations for Economy, Six Months Ahead	51	54	53	56	43	50	54	51	48	43	47	48
3. Expectations for Own Industry, Six Months Ahead	53	56	56	58	48	54	55	53	51	48	50	51

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[2] Capital Markets		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*Oct., 1989*		*Oct., 1989*		*Oct., 1989*		*Oct., 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1989**	**III**	**$5273.2**	**5.6%**	**$5273.2**	**5.6%**	**$5273.2**	**5.6%**	**$5273.2**	**5.6%**
Forecast	1989	IV	5262.2	6.9	5333.2	4.6	5338.9	5.1	5334.5	4.7
	1990	I	5421.6	4.5	5409.4	5.8	5404.4	5.0	5416.8	6.3
		II	5506.7	6.6	5500.8	6.9	5470.3	5.0	5501.3	6.4
		III	5606.6	7.3	5590.4	6.7	5549.8	5.9	5590.2	6.6
		IV	5705.1	7.2	5692.8	7.5	5639.2	6.6	5684.4	6.9
	1991	I	5808.1	7.4	5792.5	7.2	5736.0	7.0	5789.6	7.6
		II	5908.7	7.1			5838.9	7.4	5879.8	6.4
		III	6010.4	7.1			5946.9	7.6		
		IV	6112.3	7.0			6057.3	7.6		
	1989	Annual	5237.5	7.3	5230.3	7.2	5231.7	7.2	5230.6	7.2
	1990	Annual	5560.5	6.2	5548.4	6.1	5515.9	5.4	5548.2	6.1
	1991	Annual	5959.9	7.2			5894.8	6.9		
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1989**	**III**	**$4158.1**	**2.5%**	**$4158.1**	**2.5%**	**$4158.1**	**2.5%**	**$4158.5**	**2.5%**
Forecast	1989	IV	4177.0	1.8	4172.8	1.4	4171.0	1.2	4170.8	1.2
	1990	I	4168.9	-0.8	4187.5	1.4	4183.0	1.2	4189.3	1.8
		II	4190.9	2.1	4212.8	2.4	4195.0	1.2	4205.9	1.6
		III	4226.9	3.5	4240.0	2.6	4214.0	1.8	4228.6	2.2
		IV	4261.4	3.3	4265.2	2.4	4240.0	2.5	4254.8	2.5
	1991	I	4282.2	2.0	4291.6	2.5	4271.0	3.0	4275.9	2.0
		II	4313.3	2.9			4306.0	3.3	4291.8	1.5
		III	4339.2	2.4			4344.0	3.6		
		IV	4365.8	2.5			4383.0	3.6		
	1989	Annual	4143.6	3.0	4142.6	2.9	4142.1	2.9	4142.1	2.8
	1990	Annual	4212.0	1.7	4226.4	2.0	4208.0	1.9	4219.7	0.9
	1991	Annual	4325.1	2.7			4326.0	2.8		
Gross National Product deflator Index, 1982 = 100										
Actual	**1989**	**III**	**126.8**	**3.0%**	**126.8**	**3.0%**	**126.8**	**3.0**	**126.8**	**3.0%**
Forecast	1989	IV	128.4	5.0	127.8	3.2	128.0	3.8%	127.9	3.5
	1990	I	130.0	5.3	129.2	4.4	129.2	3.8	129.3	4.4
		II	131.4	4.4	130.6	4.4	130.4	3.8	130.8	4.7
		III	132.6	3.7	131.8	4.0	131.7	4.0	132.2	4.4
		IV	133.9	3.8	133.5	5.0	133.0	4.0	133.6	4.3
	1991	I	135.6	5.3	135.0	4.6	134.3	4.0	135.4	5.5
		II	137.0	4.1			135.6	3.9	137.0	4.8
		III	138.5	4.5			136.9	3.9		
		IV	140.0	4.4			138.2	3.9		
	1989	Annual	126.4	4.2	126.3	4.1	126.3	4.1	126.3	4.1
	1990	Annual	132.0	4.4	131.3	4.0	131.1	3.8	131.5	4.1
	1991	Annual	137.8	4.4			136.2	3.9		
Unemployment Rate										
Actual	**1989**	**III**		**5.2%**		**5.2%**		**5.2%**		**5.2%**
Forecast	1989	IV		5.3		5.4		5.4		5.3
	1990	I		5.6		5.5		5.6		5.4
		II		5.8		5.6		5.7		5.4
		III		5.8		5.5		5.8		5.5
		IV		5.7		5.5		5.8		5.5
	1991	I		5.6		5.5		5.7		5.5
		II		5.5				5.6		5.5
		III		5.4				5.5		
		IV		5.3				5.3		
	1989	Annual		5.2		5.3		5.3		5.2
	1990	Annual		5.7		5.5		5.7		5.5
	1991	Annual		5.5				5.5		

Notes: Percentage changes represent compound annual rates of change from perceding period. Quarterly data are seasonally adjusted.

[2]Based on preliminary third quarter data.

ECONOMIC FORECASTS (continued)

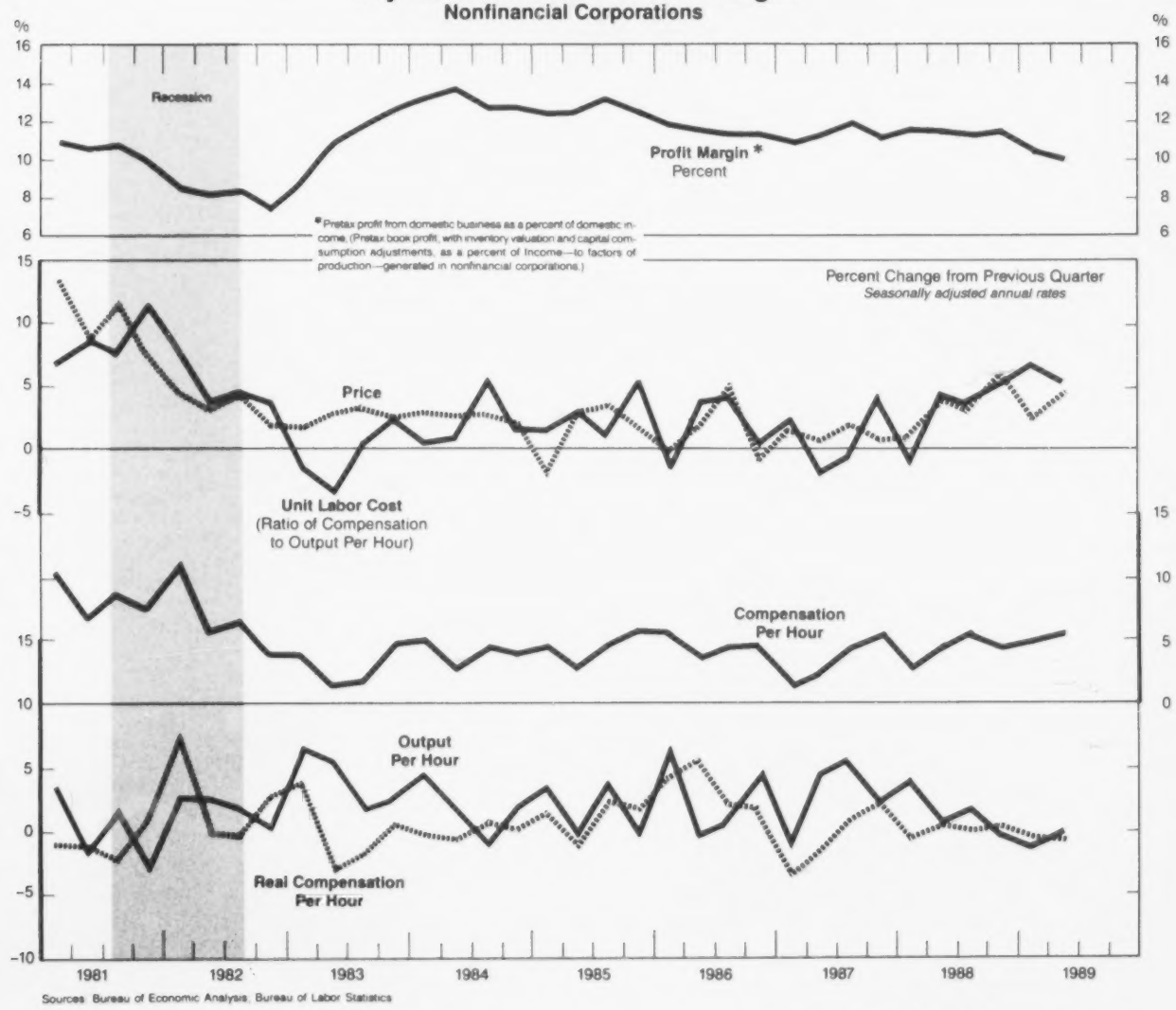
The Conference Board[2]		Laurence H. Meyer[2] Associates, Inc.		Data Resources Inc.[3]		Wharton E.F.A. Inc.[2]				
Oct., 1989		Oct., 1989		Oct., 1989		Oct., 1989		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$5273.2	**5.6%**	**$5273.2**	**5.6%**	**$5273.2**	**5.6%**	**$5273.2**	**5.6%**	**III**	**1989**	**Actual**
5323.0	3.8	5343.5	5.4	5322.4	3.8	5360.5	6.8	IV	1989	Forecast
5353.0	2.3	5422.0	6.0	5394.2	5.5	5448.9	6.8	I	1990	
5415.0	4.7	5493.3	5.4	5469.9	5.7	5533.6	6.4	II		
5500.0	6.4	5565.0	5.3	5543.7	5.5	5624.9	6.8	III		
5591.0	6.8	5638.9	5.4	5625.4	6.0	5717.8	6.8	IV		
		5729.0	6.5	5733.6	7.9	5822.4	7.5	I	1991	
		5817.5	6.3	5835.3	7.3	5924.8	7.2	II		
		5905.6	6.2	5934.0	6.9	6029.8	7.3	III		
		5990.3	5.9	6030.7	6.7	6134.3	7.1	IV		
5227.8	7.1	5232.9	7.2	5227.6	7.1	5237.1	7.3	Annual	1989	
5464.8	4.5	5529.8	5.7	5508.3	5.4	5581.3	6.6	Annual	1990	
		5860.6	6.0	5883.4	6.8	5977.8	7.1	Annual	1991	
								Gross National Product Billions of Constant (1982) Dollars		
$4158.1	**2.5%**	**$4158.1**	**2.5%**	**$4158.1**	**2.5%**	**$4159.1**	**2.5%**	**III**	**1989**	**Actual**
4158.6	0.0	4174.6	1.6	4165.9	0.8	4175.6	1.7	IV	1989	Forecast
4146.1	-1.2	4189.1	1.4	4180.0	1.4	4192.7	1.6	I	1990	
4159.0	1.3	4205.9	1.6	4196.6	1.6	4210.8	1.7	II		
4182.7	2.3	4223.0	1.6	4214.2	1.7	4241.0	2.9	III		
4210.1	2.6	4241.9	1.8	4239.1	2.4	4269.4	2.7	IV		
		4267.2	1.8	4275.2	2.4	4290.9	2.7	I	1991	
		4295.2	2.4	4308.0	3.5	4322.6	2.0	II		
		4322.2	2.7	4337.4	3.1	4350.2	3.0	III		
		4346.1	2.5	4364.3	2.8	4377.9	2.6	IV		
4139.0	2.8	4143.0	2.9	4140.8	2.9	4143.3	3.0	Annual	1989	
4174.5	0.9	4215.0	1.7	4207.5	1.6	4228.5	2.1	Annual	1990	
		4307.7	2.2	4321.2	2.7	4335.4	2.5	Annual	1991	
								Gross National Product deflator Index, 1982 = 100		
126.8	**3.0%**	**126.8**	**3.0%**	**126.8**	**3.0%**	**126.8**	**3.0%**	**III**	**1989**	**Actual**
128.0	3.8	128.0	3.8	127.8	3.0	128.4	5.0	IV	1989	Forecast
129.1	3.5	129.4	4.5	129.0	4.1	130.0	5.0	I	1990	
130.2	3.4	130.6	3.7	130.3	4.1	131.4	4.5	II		
131.5	4.0	131.8	3.6	131.5	3.8	132.6	3.8	III		
132.8	4.0	132.9	3.6	132.7	3.6	133.9	4.0	IV		
		134.3	4.0	134.1	4.3	135.7	5.4	I	1991	
		135.4	3.6	135.5	4.1	137.1	4.1	II		
		136.6	3.6	136.8	4.1	138.6	4.6	III		
		137.8	3.6	138.2	4.1	140.1	4.4	IV		
126.3	4.1	126.3	4.1	126.2	4.1	126.4	4.2	Annual	1989	
130.9	3.6	131.2	3.9	130.9	3.7	132.0	4.4	Annual	1990	
		136.0	3.7	136.1	4.0	137.9	4.5	Annual	1991	
								Unemployment Rate		
	5.2%		**5.2%**		**5.2%**		**5.2%**	**III**	**1989**	**Actual**
	5.5		5.4		5.4		5.3	IV	1989	Forecast
	5.8		5.4		5.4		5.5	I	1990	
	5.9		5.5		5.5		5.6	II		
	5.8		5.6		5.5		5.6	III		
	5.6		5.6		5.6		5.5	IV		
			5.7		5.5		5.5	I	1991	
			5.6		5.5		5.4	II		
			5.6		5.4		5.3	III		
			5.5		5.3		5.2	IV		
	5.3		5.3		5.3		5.2	Annual	1989	
	5.8		5.5		5.5		5.5	Annual	1990	
			5.6		5.4		5.3	Annual	1991	

CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

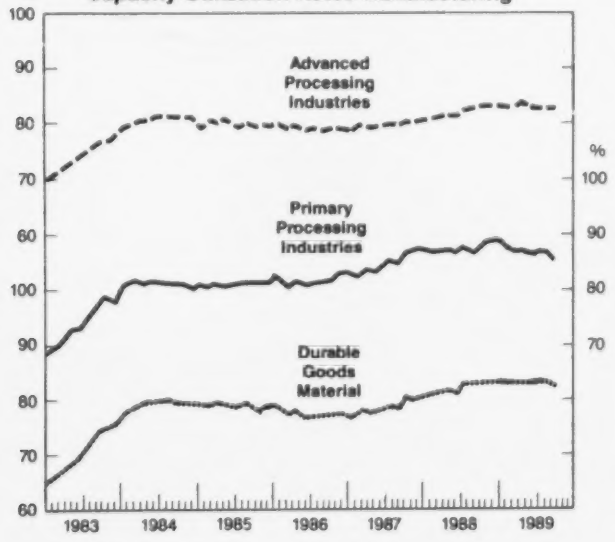
Key Determinants of Profit Margin

Nonfinancial Corporations



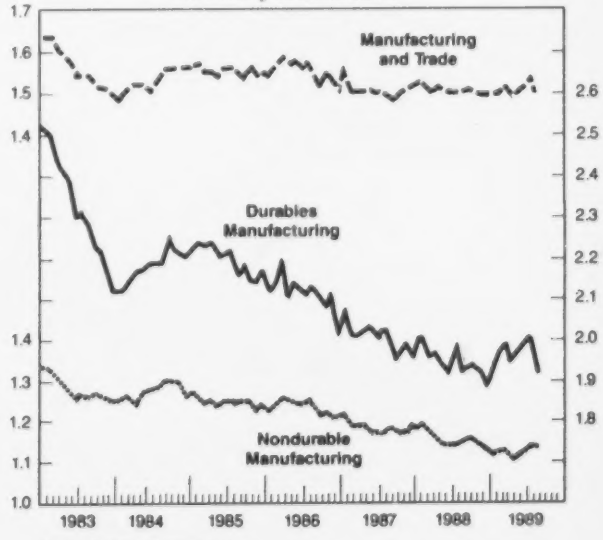
Sources: Bureau of Economic Analysis; Bureau of Labor Statistics

Capacity Utilization Rates Manufacturing



Source: Federal Reserve Board

Inventory-Sales Ratios

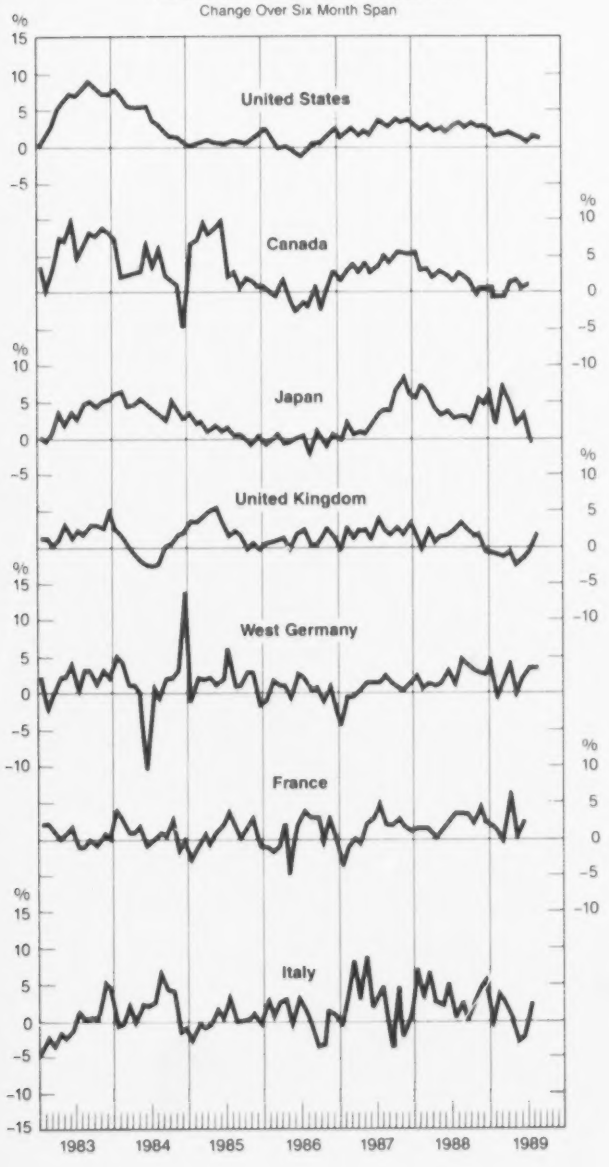


Source: Bureau of Economic Analysis

Selected International Comparisons

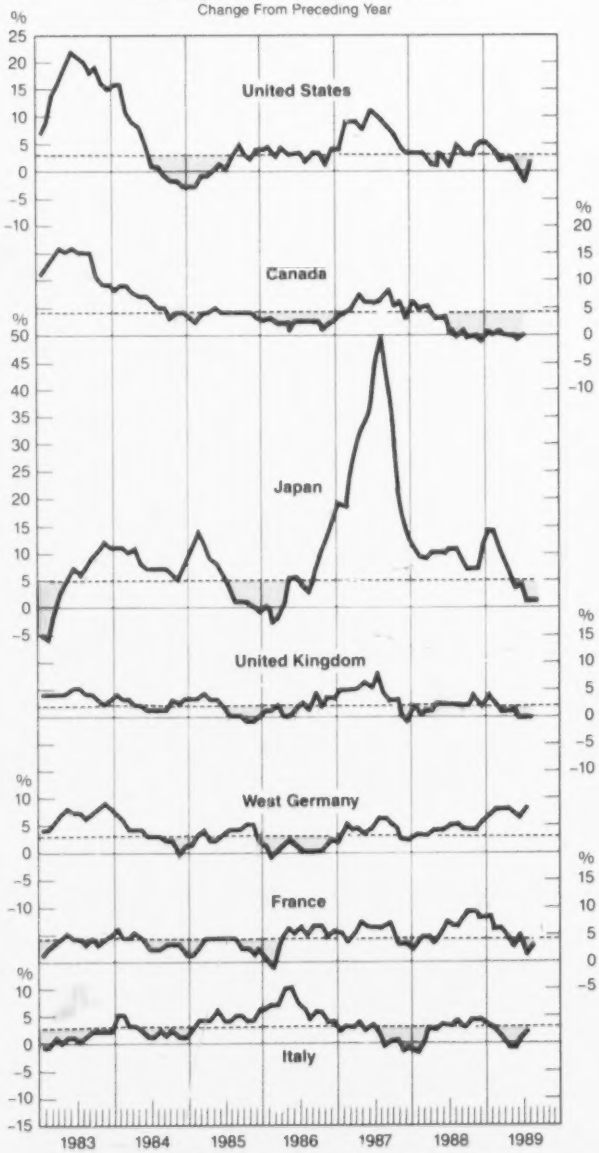
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

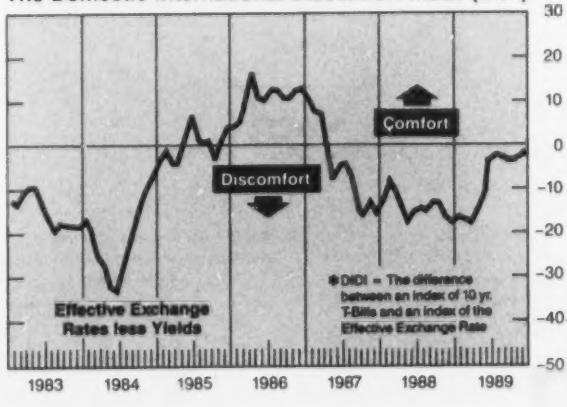
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

Sources: Morgan Guaranty Trust Company; Department of Treasury; *The Sommers Letter*

The Domestic-International Discomfort Index (DIDI)*



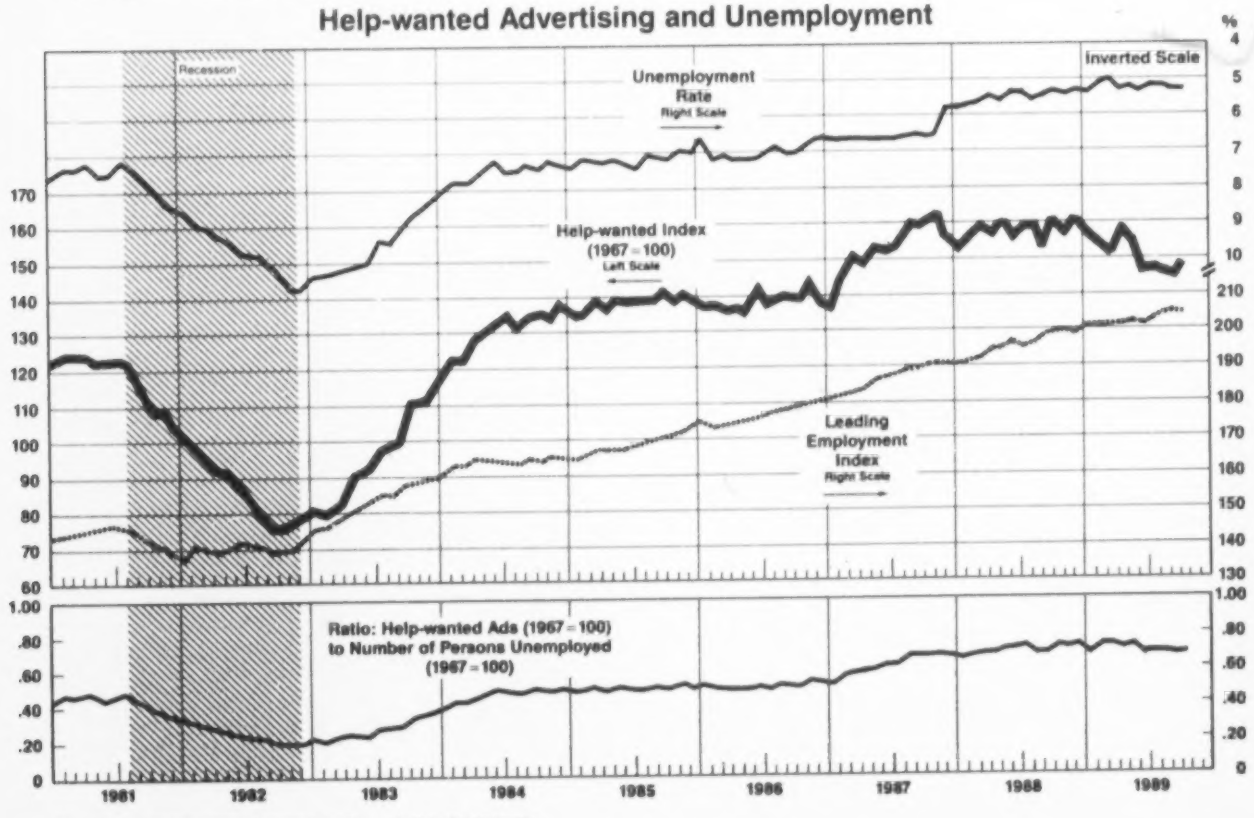
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1989 Sep.	1989 Aug.	1989 July	1988 Sep.
National Index	146	147r	150	154
New England	99	100	109	141
Boston	94	97	107	133
Hartford	106	104	111	149
Providence	110	109	115	159
Middle Atlantic	73	74	76	85
Albany	173	184	156	239
Allentown	345	330	339	395
New York	47	48	49	56
Philadelphia	58	62	66	68
Pittsburgh	97	98	102	100
Rochester	94	85	97	91
Syracuse	155	151	151	171
East North Central	98	99	103	105
Chicago	98	99	105	110
Cincinnati	160	150	159	179
Cleveland	70	74	79	71
Columbus	164	174	178	171
Dayton	87	87	90	92
Detroit	52	54	56	58
Gary	230	221	226	197
Indianapolis	135	137	128	129
Milwaukee	73	74	72	88
Toledo	120	126	131	140
West North Central	93	98	99	94
Kansas City	120	129	125	118
Minneapolis	79	88	90	86
Omaha	185	171	182	168
St. Louis	67	69	69	68
South Atlantic	175	174r	184	214
Atlanta	218	218	230	256
Baltimore	166	159	170	266
Charlotte	184	191	188	207
Jacksonville	213	212	216	231
Miami	154	158r	149	172
Richmond	141	143r	148	139
Washington, D.C.	162	160r	182	189
East South Central	189	184	173	189
Birmingham	202	196	179	195
Knoxville	336	333	318	322
Louisville	N.A.	N.A.	N.A.	107
Memphis	143	140	139	140
Nashville	249	236	224	257
West South Central	213	181r	203	174
Dallas	146	145	146	145
Houston	358	269	323	255
New Orleans	140	130	144	126
Oklahoma City	123	120	127	116
San Antonio	153	136	148	142
Tulsa	169	169r	174	145
Mountain	309	316	311	304
Denver	213	217	219	202
Phoenix	381	375	364	401
Salt Lake City	395	425	417	366
Pacific	251	268r	261	253
Los Angeles	164	174	166	165
Sacramento	556	525	515	522
San Bernardino	327	327r	321	313
San Diego	643	678	670	571
San Francisco	N.A.	260	252	262
Seattle	305	292	294	267
Percentage of papers with rising volume	53	35	63	20
Unemployment rate	5.3	5.2	5.2	5.4

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4
1989	115.8	120.7	117.4	116.6	116.7	117.2	120.4	115.4	116.3r	116.4p		

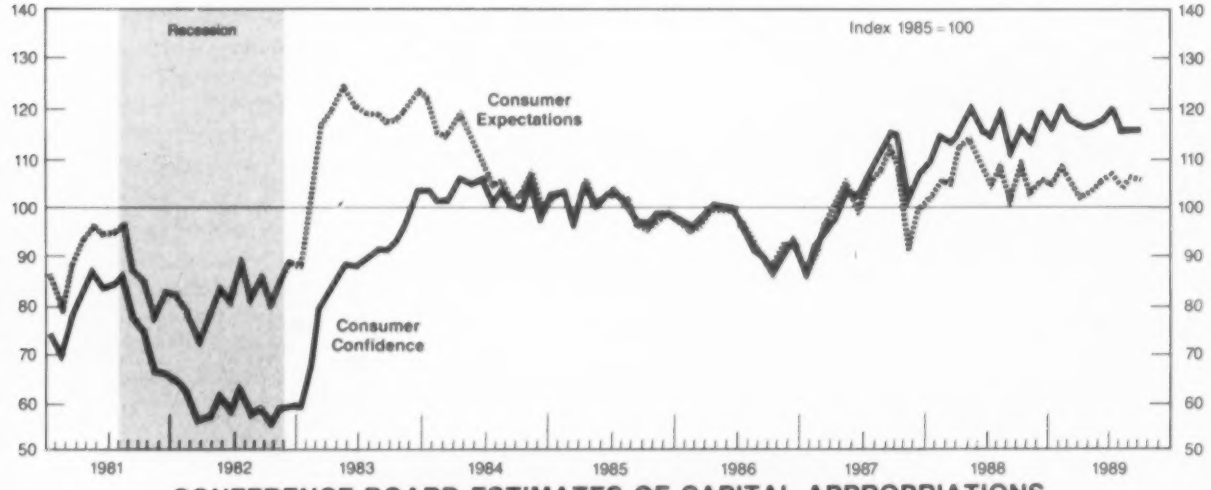
Expectations Index

1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6
1989	104.1	108.3	104.9	101.8	103.0	105.1	106.6	103.7	106.1r	105p		

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc. p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS

Billions of Dollars, Seasonally Adjusted

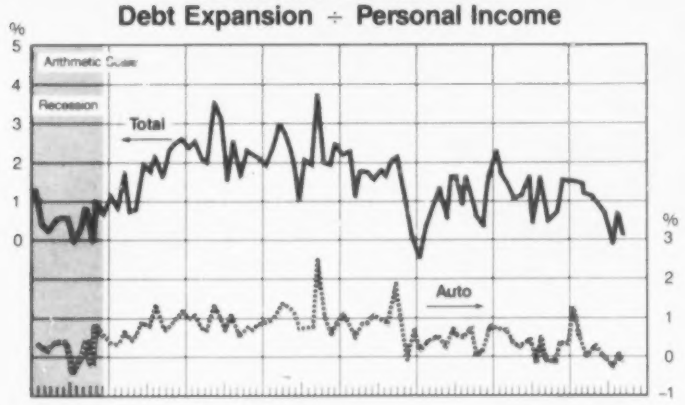
	1987			1988				Percent Change From Previous Year	
	III-87	IV-87	I-88	II-88	III-88	IV-88(r)	I-89(p)	Actual 1988	Estimate 1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29.561	35.909	30.846	40.686	40.384	45.279	50.009	39%	16%
Capital expenditures	27.381	29.820	29.412	31.718	36.037	35.281	35.331	33	18
Change in appropriations backlog*	-0.080	3.510	0.650	8.760	-4.110	8.630	14.340		
Durable Goods									
New appropriations	17.208	20.245	14.310	20.261	20.791	23.547	18.129	27	14
Capital expenditures	13.970	16.037	15.780	16.910	19.526	16.657	17.032	31	28
Change in appropriations backlog*	2.930	3.810	-1.600	3.670	-1.080	6.240	1.340		
Nondurable Goods									
New appropriations	12.353	15.664	16.536	20.425	19.593	21.732	31.880	52	17
Capital expenditures	13.411	13.783	13.632	14.808	16.511	18.624	18.299	35	12
Change in appropriations backlog*	-3.010	-0.300	2.250	5.090	-3.030	2.390	13.010		

Available on request: Historical data from 1953, and quarterly reports containing text and data for 17 separate manufacturing industries.

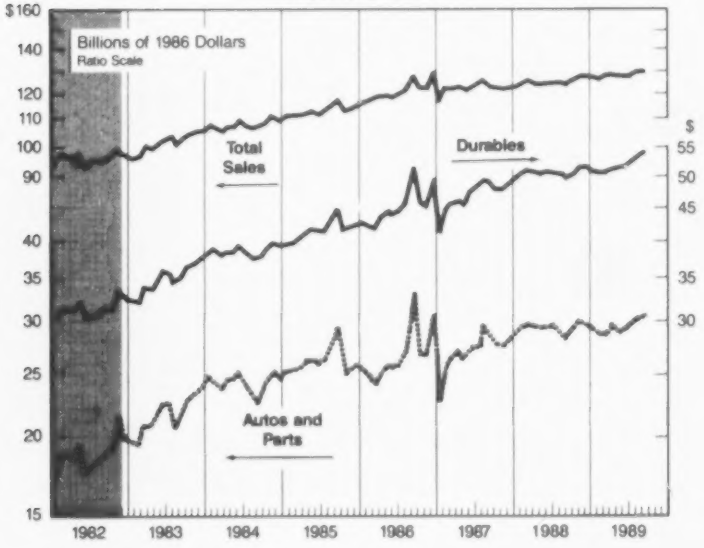
r—revised p—preliminary

* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



Sources: Bureau of Economic Analysis, Federal Reserve Board

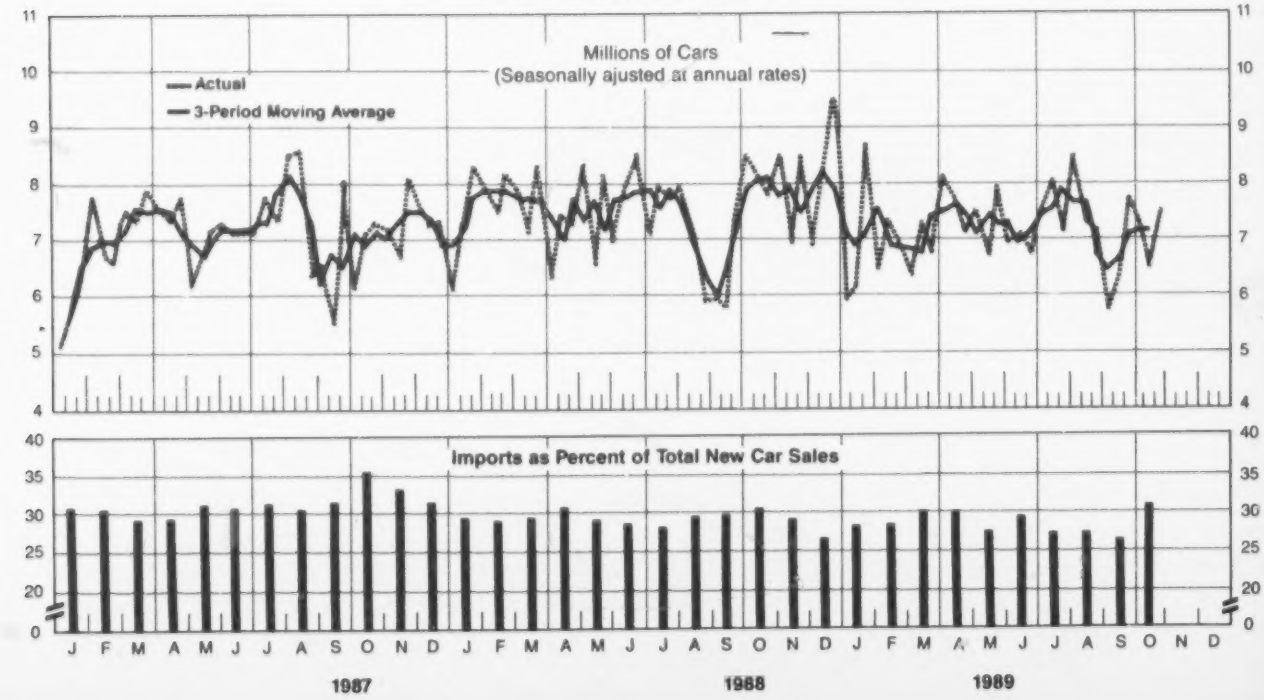
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	7.37
	21-28(29)	6.15	6.58	8.17	6.86
March:	1-10	7.69	7.53	7.81	6.32
	11-20	7.57	7.27	7.13	7.28
	21-31	6.52	7.81	8.28	6.74
April:	1-10	8.79	7.48	6.33	8.18
	11-20	7.06	7.34	7.43	7.66
	21-30	7.75	7.76	7.23	7.03
May:	1-10	8.62	6.16	8.36	7.49
	11-20	8.86	6.66	6.53	6.72
	21-31	7.33	7.19	8.12	7.99
June:	1-10	8.48	7.21	6.88	6.93
	11-20	8.04	7.13	8.00	7.09
	21-30	8.39	7.09	8.48	6.74
July:	1-10	8.10	7.10	7.02	7.56
	11-20	7.28	7.68	7.99	8.03
	21-31	7.97	7.29	7.69	7.10
August:	1-10	7.63	8.55	7.95	8.46
	11-20	7.34	8.60	7.01	7.33
	21-31	8.08	6.26	5.92	7.15
September:	1-10	14.00	6.74	5.93	5.71
	11-20	8.83	5.45	5.80	6.33
	21-30	8.62	8.03	7.40	7.76
October:	1-10	10.04	6.13	8.43	7.30
	11-20	7.67	7.10	8.08	6.48
	21-31	7.27	7.24	7.78	7.51
November:	1-10	7.96	7.15	8.55	
	11-20	7.59	6.68	6.97	
	21-30	7.89	8.09	8.46	
December:	1-10	7.75	7.60	6.84	
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally ajusted at annual rates)
Actual
3-Period Moving Average
Imports as Percent of Total New Car Sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1987
1988
1989